

May 28, 2002

The Honorable Bill Purcell, Mayor
Emmett H. Turner, Chief of Police
Metropolitan Police Department
Metropolitan Government of Nashville and
Davidson County
200 James Robertson Parkway
Nashville, TN 37201

Report of Internal Audit Section

Dear Mayor Purcell and Chief Turner:

We have recently completed a performance audit of the Metropolitan Nashville Police Department. According to the *Government Auditing Standards* issued by the Comptroller General of the United States, “a performance audit is an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action.” A performance audit is different than a financial statement audit, which is limited to auditing financial statements and controls, without reviewing operations

and performance. In performing this audit, we retained MGT of America to work under our direction. MGT focused on

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Police Department operations and performance while Internal Audit staff tested controls and compliance over financial transactions such as revenue collection, purchasing and payroll processing. MGT's final report, dated May 28, 2002, *Comprehensive Performance Audit of the Metropolitan Nashville Police Department*, accompanies this letter and is hereby submitted to you.

The Police Department is responsible for the enforcement of laws and protection of the general public in accordance with provisions of the Metropolitan Charter and Ordinances. The Department is organized into three principal bureaus: Administrative Services, Investigative Services, and Uniform Services. Five smaller units are organizationally positioned outside of the major bureaus and report directly to the Chief of Police. These include Fiscal Affairs, Information Services, Behavioral Health Services, Criminal Intelligence, Office of Professional Accountability and the Public Information Office. Further details on the Department's operations and organization are contained in the MGT report.

At the time of the audit there were 1,226 sworn and 626 non-sworn personnel in the Police Department. The 2001-2002 fiscal year budget for the Department totaled \$109,691,263. Of this amount, approximately \$97,000,000 is for personnel related expenditures. Additional background information for the Department is found in Chapter 1 of the MGT report.

Objectives, Scope, and Methodology

This represents the first comprehensive performance audit of the Police Department. Most of the major functions and activities throughout the Department were included in the scope of this work. The audit focused primarily on fiscal year 2001-2002, but certain analysis required consideration of financial, performance and operational results outside of that time period.

The primary objectives of this performance audit were as follows:

- Assess the overall management of the Department, including organizational structure, performance measurement, funding, staffing patterns, allocation of enforcement resources, training, and use of technology.

- Review all major operational aspects of the Police Department and identify major strengths and weaknesses while assessing operational efficiency and effectiveness.

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- Compare the Department's operations and key performance measures to industry best practices and to selected peers.
- Assess compliance with applicable laws, regulations and policies.
- Develop findings and recommendations for any areas where performance could be improved.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, including written policies and procedures, financial information and various other forms of data, reports and information maintained by the Police Department and other Metro departments. Police Department management, administrative and operational personnel; personnel from other Metro departments; and other stakeholders were interviewed, and various aspects of Police Department operations were directly observed. Data obtained from the various sources were analyzed, and various aspects of performance, cost and operations were compared to those of industry norms, best practices and selected peers.

We performed the audit procedures in accordance with generally accepted government auditing standards.

Findings and Recommendations

The MGT report addresses Police Department operations and the resulting findings and recommendations in detail. Following is an overview of some of the more significant findings and recommendations from the MGT report and from Internal Audit's work. The Internal Audit findings and recommendations are attached to this report.

- Overall staffing and budget resources were found to be within acceptable levels for an agency the size of Metro's Police Department. Therefore, no recommendations to add or reduce the overall Police Department workforce were made. Recommendations to hire civilian managers for a few key positions were made, however.

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- Sworn personnel as a percentage of total Department staff were found to be comparable to peer agencies, but the percentage allocated to the Patrol function was the lowest among the peers. Recommendations were made to shift approximately 110 officers to Patrol to ensure adequate staffing for this function. Additionally, there is a need to perform a comprehensive staff utilization study for the entire Department.
- The current Department organization structure is unbalanced with respect to managerial span of control and scope of responsibility, and the current organization does not fully support community policing. The Uniform Services Bureau is too large and the Chief of Police has too many direct reports. A new organization structure has been proposed, as well as recommendations regarding an interim structure to transition to the proposed structure. A more effectively designed organization will strengthen the Patrol function while enhancing accountability for performance and facilitating community policing efforts.
- Comprehensive strategic planning with measurable goals and active monitoring has not been implemented in the Department. The creation of a Strategic Deployment Division is recommended to lead planning efforts and to oversee the allocation of resources.
- Meaningful performance measures were lacking throughout the Department. Frequently the Department was found to record activity but not workload or effectiveness measurements. Recommendations were made to develop specific performance measures in order to monitor the effectiveness of operations and provide information for improvements.
- Several areas needing improvement in human resource management were noted. These included a restrictive promotion process, deficiencies in training programs, and the lack of adequate job rotations in certain assignments. Recommendations were made to address these issues, including revising the current promotional process, establishing additional training programs, and implementing a clearly defined career development program.
- There were numerous areas throughout the Department where space and facility needs were noted. It is recommended that the Department undergo a comprehensive facilities study to evaluate and make recommendations for overall facilities requirements.

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- The Department budget development and monitoring process is in need of improvement. It was noted that departmental managers had little involvement in budget development and control. This limited involvement makes accountability for budgetary matters difficult. Recommendations were made to modify the budget process to ensure direct and continuing involvement by departmental supervisors.
- A number of exceptions were noted related to Police Department compliance with Metro policies controlling the use of procurement cards, as well as compliance with Metro travel policies and procedures. It was also noted that the billing and monitoring procedures surrounding reimbursable Police extradition travel expenditures did not ensure timely collection. Recommendations were made to improve controls over procurement cards and travel expenses, and improvements in the billing and collection of reimbursable extradition charges were recommended.
- Deficiencies were noted, and corresponding recommendations for improvement were made, related to other revenue and cash control processes.

Detailed explanations of the above findings and recommendations, as well as several other findings and recommendations, are included in the MGT report. The fiscal impact of the findings and recommendations can be summarized as follows.

- An increase in the annual operating budget totaling \$1,371,500 is recommended. \$596,500 is recommended for increased staffing to address deficiencies in the booking process, security in the communication center and to replace sworn staff with civilian managers in certain areas. Another \$100,000 is recommended to address deficiencies in training programs, while \$675,000 is recommended to complete a strategic plan and a staffing study and to evaluate Office of Professional Accountability case preparation.
- Capital expenditures of \$1,845,000 are recommended. Approximately \$1,200,000 of this amount is recommended to provide cars for the homicide unit and also to replace some motorcycles with cars. \$455,000 is recommended for computing and investigative equipment, security lights and cameras for the impound lot, and a driving simulator. Additionally, \$150,000 is recommended to complete comprehensive facility and technology plans.

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A summary of each recommendation with a fiscal impact can be found in the Executive Summary of the MGT report.

Management's response to the audit recommendations is attached to this report.

We greatly appreciate the cooperation and help provided by all Police Department staff.

This report is intended for the information of the management of the Metropolitan Government of Nashville and Davidson County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Internal Audit Section

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Internal Audit Manager

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Metropolitan Nashville Police Department
Internal Audit Findings and Recommendations

- 1) The Police Department needs to improve controls over travel related expenditures to ensure compliance with Metro policies.

Internal Audit reviewed Police Department compliance with Metro's Comprehensive Travel regulations by examining a sample of 67 individual transactions from the period July 2000 through November 2001. This sample represented 50 separate trips and expenditures totaling approximately \$55,000, out of total travel expenditures of approximately \$264,000. Based on our testing, we noted the following exceptions:

- The Police Department uses Visa credit cards issued to the Department by the Police Credit Union for out of town fueling and travel related expenditures. The arrangement with the Credit Union has been in place for many years but was not competitively bid through Metro Purchasing and has not been approved by the Metro Legal and Finance Departments.
- At December 6, 2001 there were 30 overdue travel advances to Police Department employees totaling \$20,794. Twelve of the past due advances totaling \$8,014 related to travel during August of 2001.

Recommendation:

The Police Department needs to improve controls over travel related expenditures to ensure compliance with Metro travel policies. The Department should also work with the Finance Department to evaluate the credit card program to ensure compliance with Metro procurement regulations.

- 2) Procedures to ensure prompt billing and collection of all reimbursable extradition expenditures should be developed and implemented.

During our testing of travel expenditures, we reviewed expenditures associated with prisoner extradition transport. Most of the expenses related to extradition travel should be reimbursed by a bonding company, the State of Tennessee, the defendant, or some combination of these three sources. After an extradition trip is made and the related expenses are paid, the Police Department submits their expenses to the District Attorney's office to request reimbursement for travel charges from the responsible party. After accumulating case information, the District Attorney's office forwards the request to the Clerk of the Criminal Court for billing and collection.

We tested ten Police extradition trips totaling \$12,274 that occurred in the first half of 2001 and were subject to at least partial reimbursement. None had been billed or collected as of December 2001. We examined one representative case in detail for travel that occurred in December 1998. The verdict in the case was handed down in January 1999, the invoice for \$357.48 was sent to a bonding company in June 2000, and the reimbursement was received in February 2002, over three years after the original travel date. We were told that this was a typical transaction. There are no late charges assessed to bonding companies. Additionally, any reimbursement of funds is recorded as Criminal Court Clerk revenue instead of reimbursing the Police Department business unit where the expense was recorded. Police expenditures related to prisoner extradition are approximately \$100,000 annually.

Recommendation:

The Metropolitan Police Department, jointly with the District Attorney and Criminal Court Clerk, needs to develop and implement procedures to ensure prompt billing and collection of all reimbursable expenditures related to Police extradition travel. Additionally, late fees should be charged for delinquent payments from bonding companies, and reimbursements received should be credited to the Police department business unit where the expenses were recorded.

3) The Police Department should comply with Metro procurement card policies and procedures.

We tested a sample of 120 procurement card transactions totaling \$50,915, out of a population of approximately 1700 transactions totaling \$417,655, for the period July 2000 through November 2001, and we noted 10 purchases totaling approximately \$8,000 where the signature authorizing the use of the card was not the approved cardholder signature. This is not in compliance with Metro's procurement card policy, which states: "only the employee whose name is embossed on a Purchasing Card may use that card. No other person is authorized to use the card." The Department's Fiscal Affairs Division has recently worked with the Purchasing Division in an attempt to solve this problem.

Recommendation:

The Fiscal Affairs unit of the Police Department should ensure procurement card use is compliant with procurement card policies and procedures.

- 4) Revenue and cash receipts procedures for photo and microfilm services should be improved.

We examined the revenue and cash receipts controls of the Records Division of the Police Department. The Records division is part of the Administrative Services Bureau and has responsibility for providing Police investigative, traffic and other miscellaneous reports to the public for a fee. Based on our review of the operations of this function we noted the following:

- Fees charged for various reports provided upon request to the public are stipulated by Metro ordinance. These fees have not changed since July 1991. The primary cost of the operation is labor.
- We examined a sample of 59 deposits totaling \$45,253, out of a population of 575 deposits totaling \$653,347, for the period August 2000 through January 2002, and we noted that 17 of the deposits totaling \$12,701 were not deposited on the same day or next day, as required.
- Returned checks were not being managed appropriately. We noted a total of 43 checks returned during 2001 totaling \$453 that were being held in a file without active collection efforts.
- There was at least a three week backlog of records to be filed at the time of audit fieldwork. This is reported to be a persistent condition.
- Deposit reconciliation reviews were three months behind at the time of fieldwork. Monthly deposits average approximately \$38,000.

Recommendations:

Rates charged to the public for records should be reviewed for a price increase to reflect increased operational costs. A 10% increase in fees would increase annual revenue by approximately \$45,000. Additionally, receipts should be deposited on the same day or the next day, if collected too late to be deposited the same day, and the department should actively collect returned checks in order to maximize recovery. Finally, deposit reconciliations and records filing procedures should be enhanced to ensure work is performed on a timely basis.

